

Calendar No. 427

105<sup>TH</sup> CONGRESS  
2<sup>D</sup> Session

**H. R. 4105**

## **AN ACT**

To establish a national policy against State and local interference with interstate commerce on the Internet, to exercise congressional jurisdiction over interstate commerce by establishing a moratorium on the imposition of exactions that would interfere with the free flow of commerce via the Internet, to establish a national policy against Federal and State regulation of Internet access and online services, and for other purposes.

JUNE 24, 1998

Received; read twice and placed on the calendar

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IN THE SENATE OF THE UNITED STATES

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To establish a national policy against State and local interference with interstate commerce on the Internet, to exercise congressional jurisdiction over interstate commerce by establishing a moratorium on the imposition of exactions that would interfere with the free flow of commerce via the Internet, to establish a national policy against Federal and State regulation of Internet access and online services, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
 2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Internet Tax Freedom  
 5       Act”.

6       **SEC. 2. MORATORIUM ON CERTAIN TAXES.**

7       (a) AMENDMENT.—Title 4 of the United States Code  
 8       is amended by adding at the end the following:

9       **“CHAPTER 6—MORATORIUM ON CERTAIN TAXES**

      “Sec.

      “151. Moratorium.

      “152. Advisory commission on electronic commerce.

      “153. Legislative recommendations.

      “154. Expedited consideration of legislative recommendations.

      “155. Definitions.

10      **“§ 151. Moratorium**

11       “(a) MORATORIUM.—For a period of 3 years follow-  
 12       ing the date of the enactment of this chapter, neither any  
 13       State, nor any political subdivision thereof, shall impose,  
 14       assess, collect, or attempt to collect—

15               “(1) taxes on Internet access;

16               “(2) bit taxes; or

17               “(3) multiple or discriminatory taxes on elec-  
 18       tronic commerce.

19       “(b) EXCEPTION TO MORATORIUM.—(1) Subject to  
 20       paragraph (2), the moratorium in subsection (a)(1) shall  
 21       not apply to the following taxes (as applicable), as in effect

1 on the date of the enactment of this chapter, on Internet  
2 access:

3 “(A) STATE OF CONNECTICUT.—Section 12–  
4 407(2)(i)(A) of the General Statutes of Connecticut.

5 “(B) STATE OF WISCONSIN.—Section  
6 77.52(2)(a)5 of the Wisconsin Statutes (1995–96).

7 “(C) STATE OF IOWA.—Section 422.43(1) of  
8 the Code of Iowa (1997).

9 “(D) STATE OF NORTH DAKOTA.—North Da-  
10 kota Century Code 57–39.2 and 57–34.

11 “(E) STATE OF SOUTH DAKOTA.—South Da-  
12 kota Codified Law Annotated 10–45–5.

13 “(F) STATE OF NEW MEXICO.—New Mexico  
14 Statutes Annotated 7–9–3.

15 “(G) STATE OF TENNESSEE.—Tennessee Code  
16 Annotated 67–6–221, 67–6–102(23)(iii), and 67–6–  
17 702(g).

18 “(H) STATE OF OHIO.—Chapter 5739 of the  
19 Ohio Revised Code.

20 “(2)(A) Paragraph (1) shall apply with respect to a  
21 tax referred to in such paragraph only if the referenced  
22 State enacts, during the 1–year period beginning on the  
23 date of the enactment of this chapter, a law to expressly  
24 affirm that such tax is imposed on Internet access.

1       “(B) A State that satisfies the requirement specified  
 2 in subparagraph (A) shall be deemed to have satisfied  
 3 such requirement immediately after the enactment of this  
 4 chapter, except that such State may not impute penalties  
 5 or interest on any tax accrued during the period beginning  
 6 on the date of the enactment of this Act and ending on  
 7 the date such State satisfies such requirement.

8       “(c) APPLICATION OF MORATORIUM.—Subsection (a)  
 9 shall not apply with respect to the provision of Internet  
 10 access that is offered for sale as part of a package of serv-  
 11 ices that includes services other than Internet access, un-  
 12 less the service provider separately states that portion of  
 13 the billing that applies to such services on the user’s bill.

14   **“§ 152. Advisory Commission on Electronic Com-**  
 15                           **merce**

16       “(a) ESTABLISHMENT OF COMMISSION.—There is es-  
 17 tablished a temporary commission to be known as the Ad-  
 18 visory Commission on Electronic Commerce (in this chap-  
 19 ter referred to as the ‘Commission’). The Commission  
 20 shall—

21               “(1) be composed of 31 members appointed in  
 22 accordance with subsection (b), including the chair-  
 23 person who shall be selected by the members of the  
 24 Commission from among individuals specified in  
 25 subsection (b); and

1           “(2) conduct its business in accordance with the  
2 provisions of this chapter.

3           “(b) MEMBERSHIP.—

4           “(1) IN GENERAL.—The Commissioners shall  
5 serve for the life of the Commission. The member-  
6 ship of the Commission shall be as follows:

7           “(A) Three representatives from the Fed-  
8 eral Government comprised of the Attorney  
9 General, the Secretary of Commerce, and the  
10 Secretary of the Treasury, or their respective  
11 representatives.

12           “(B) Fourteen representatives from State,  
13 local, and county governments comprised of: (i)  
14 two representatives each from the National  
15 Governors’ Association, the National Con-  
16 ference of State Legislatures, the Council of  
17 State Governments, the National Association of  
18 Counties, the National League of Cities, and  
19 the United States Conferences of Mayors; and  
20 (ii) one representative each from the Inter-  
21 national City/County Management Association  
22 and the American Legislative Exchange Coun-  
23 cil.

24           “(C) Fourteen representatives of taxpayers  
25 and business—

1           “(i) seven of whom shall be appointed  
2 jointly by the Speaker of the House of  
3 Representatives and the majority leader of  
4 the Senate, of whom three shall be individ-  
5 uals employed by or affiliated with persons  
6 engaged in providing Internet access or  
7 communications or transactions that use  
8 the Internet, three shall be individuals em-  
9 ployed by or affiliated with persons en-  
10 gaged in electronic commerce (including at  
11 least one who is employed by or affiliated  
12 with a person also engaged in mail order  
13 commerce), and one shall be an individual  
14 employed by or affiliated with a person en-  
15 gaged in software publishing; and

16           “(ii) seven of whom shall be appointed  
17 jointly by the minority leader of the House  
18 of Representatives and the minority leader  
19 of the Senate, of whom three shall be indi-  
20 viduals employed by or affiliated with per-  
21 sons engaged in providing Internet access  
22 or communications or transactions that use  
23 the Internet, three shall be individuals em-  
24 ployed by or affiliated with persons en-  
25 gaged in electronic commerce (including at

1           least one who is employed by or affiliated  
2           with a person also engaged in mail order  
3           commerce), and one shall be an individual  
4           employed by or affiliated with a person en-  
5           gaged in software publishing.

6           “(2) APPOINTMENTS.—Appointments to the  
7           Commission shall be made not later than 45 days  
8           after the date of enactment of this chapter. The  
9           chairperson shall be selected not later than 60 days  
10          after the date of the enactment of this chapter.

11          “(c) ACCEPTANCE OF GIFTS AND GRANTS.—The  
12          Commission may accept, use, and dispose of gifts or  
13          grants of services or property, both real and personal, for  
14          purposes of aiding or facilitating the work of the Commis-  
15          sion. Gifts or grants not used at the expiration of the  
16          Commission shall be returned to the donor or grantor.

17          “(d) OTHER RESOURCES.—The Commission shall  
18          have reasonable access to materials, resources, data, and  
19          other information from the Department of Justice, the  
20          Department of Commerce, and the Department of the  
21          Treasury. The Commission shall also have reasonable ac-  
22          cess to use the facilities of the Department of Justice, the  
23          Department of Commerce, and the Department of the  
24          Treasury for purposes of conducting meetings.



1       “(e) SUNSET.—The existence of the Commission  
2 shall terminate—

3               “(1) when the last of the committees of juris-  
4 diction referred to in section 154 concludes consider-  
5 ation of the legislation proposed under section 153;  
6 or

7               “(2) 3 years after the date of the enactment of  
8 this chapter,  
9 whichever occurs first.

10       “(f) RULES OF THE COMMISSION.—

11               “(1) Sixteen members of the Commission shall  
12 constitute a quorum for conducting the business of  
13 the Commission.

14               “(2) Any meetings held by the Commission  
15 shall be duly noticed at least 14 days in advance and  
16 shall be open to the public.

17               “(3) The Commission may adopt other rules as  
18 needed.

19       “(g) DUTIES OF THE COMMISSION.—The duties of  
20 the Commission, to be carried out in consultation with the  
21 National Tax Association Communications and Electronic  
22 Commerce Tax Project, and other interested persons, may  
23 include—

1           “(1) conducting a thorough study of State and  
2           local taxation of transactions using the Internet and  
3           Internet access;

4           “(2) examining the collection and administra-  
5           tion of consumption taxes on remote commerce in  
6           other countries and the United States, and the im-  
7           pact of such collection on the global economy;

8           “(3) examining the advantages and disadvan-  
9           tages of authorizing States and local governments to  
10          require remote sellers to collect and remit sales and  
11          use taxes;

12          “(4) proposing a uniform system of definitions  
13          of remote and electronic commerce that may be sub-  
14          ject to sales and use tax within each State;

15          “(5) examining model State legislation relating  
16          to taxation of transactions using the Internet and  
17          Internet access, including uniform terminology, defi-  
18          nitions of the transactions, services, and other activi-  
19          ties that may be subject to State and local taxation,  
20          procedural structures and mechanisms applicable to  
21          such taxation, and a mechanism for the resolution of  
22          disputes between States regarding matters involving  
23          multiple taxation;

24          “(6) examining a simplified system for adminis-  
25          tration and collection of sales and use tax for remote

1 commerce, that incorporates all manner of making  
2 consumer payments, that would provide for a single  
3 statewide sales or use tax rate (which rate may be  
4 zero), and would establish a method of distributing  
5 to political subdivisions within each State their pro-  
6 portionate share of such taxes, including an exam-  
7 ination of collection of sales or use tax by small vol-  
8 ume remote sellers only in the State of origin;

9 “(7) examining ways to simplify the interstate  
10 administration of sales and use tax on remote com-  
11 merce, including a review of the need for a single or  
12 uniform tax registration, single or uniform tax re-  
13 turns, simplified remittance requirements, and sim-  
14 plified administrative procedures;

15 “(8) examining the need for an independent  
16 third party collection system that would utilize the  
17 Internet to further simplify sales and use tax admin-  
18 istration and collection;

19 “(9) reviewing the efforts of States to collect  
20 sales and use taxes owed on purchases from remote  
21 sellers, as well as review the appropriateness of in-  
22 creased activities by States to collect sales and use  
23 taxes directly from customers of remote sellers;

24 “(10) examining the level of contacts sufficient  
25 to permit a State to impose a sales or use tax on

1 remote commerce that would subject a remote seller  
2 to collection obligations imposed by the State, in-  
3 cluding—

4 “(A) the definition of a level of contacts  
5 below which a State may not impose collection  
6 obligations on a remote seller;

7 “(B) whether or not such obligations are  
8 applied in a nondiscriminatory manner with re-  
9 spect to nonremote transactions; and

10 “(C) the impact of such obligation on  
11 small business remote sellers;

12 “(11) examining making permanent the tem-  
13 porary moratorium described in section 151 with re-  
14 spect to Internet access as well as such other taxes  
15 that the Commission deems appropriate;

16 “(12) examining ways to simplify State and  
17 local taxes imposed on the provision of telecommuni-  
18 cations services;

19 “(13) requiring the Commission to hold a pub-  
20 lic hearing to provide an opportunity for representa-  
21 tives of the general public, taxpayer groups, con-  
22 sumer groups, State and local government officials,  
23 and tax-supported institutions to testify; and

1           “(14) examining other State and local tax  
2           issues that are relevant to the duties of the Commis-  
3           sion.

4           “(h) FEDERAL ADVISORY COMMITTEE ACT.—The  
5           Federal Advisory Committee Act shall not apply with re-  
6           spect to the Commission.

7           **“§ 153. Legislative recommendations**

8           “(a) TRANSMISSION OF PROPOSED LEGISLATION.—  
9           Not later than 2 years after the date of the enactment  
10          of this chapter, the Commission shall transmit to the  
11          President and the Congress proposed legislation reflecting  
12          any findings concerning the matters described in such sec-  
13          tion.

14          “(b) CONTENTS OF PROPOSED LEGISLATION.—The  
15          proposed legislation submitted under subsection (a) by the  
16          Commission shall have been agreed to by at least 19 mem-  
17          bers of the Commission and may—

18                 “(1) define with particularity the level of con-  
19                 tacts between a State and remote seller that the  
20                 Commission considers sufficient to permit a State to  
21                 impose collection obligations on the remote seller  
22                 and the level of contacts which is not sufficient to  
23                 impose collection obligations on remote sellers;

24                 “(2) provide that if, and only if, a State has  
25                 adopted a single sales and use tax rate for remote

1 commerce and established a method of distributing  
2 to its political subdivisions their proportionate share  
3 of such taxes, and adopted simplified procedures for  
4 the administration of its sales and use taxes, includ-  
5 ing uniform registration, tax returns, remittance re-  
6 quirements, and filing procedures, then such State  
7 should be authorized to impose on remote sellers a  
8 duty to collect sales or use tax on remote commerce;

9 “(3) provide that, effective upon the expiration  
10 of a 4-year period beginning on the date of the en-  
11 actment of such legislation, a State that does not  
12 have in effect a single sales and use tax rate and  
13 simplified administrative procedures shall be deemed  
14 to have in effect a sales and use tax rate on remote  
15 commerce equal to zero, until such time as such  
16 State does adopt a single sales and use tax rate and  
17 simplified administrative procedures;

18 “(4) include uniform definitions of categories of  
19 property, goods, services, or information subject to,  
20 or exempt from, sales and use taxes;

21 “(5) make permanent the temporary morato-  
22 rium described in section 151 with respect to Inter-  
23 net access, as well as such other taxes (including  
24 those described in section 151) that the Commission  
25 deems appropriate;

1           “(6) provide a mechanism for the resolution of  
2       disputes between States regarding matters involving  
3       multiple taxation; and

4           “(7) include other provisions that the Commis-  
5       sion deems necessary.

6       “(c) RECOMMENDATIONS OF THE PRESIDENT.—Not  
7       later than 45 days after the receipt of the Commission’s  
8       legislative proposals, the President shall review such pro-  
9       posals and submit to the Congress such policy rec-  
10      ommendations as the President deems necessary or expe-  
11      dient.

12   **“§ 154. Expedited consideration of legislative rec-**  
13                   **ommendations**

14       “(a) Not later than 90 legislative days after the  
15      transmission to the Congress by the Commission of the  
16      proposed legislation described in section 153, such legisla-  
17      tion shall be considered by the respective committees of  
18      jurisdiction within the House of Representatives and the  
19      Senate, and, if reported, shall be referred to the proper  
20      calendar on the floor of each House for final action.

21       “(b) For purposes of this section, the 90-day period  
22      shall be computed by excluding—

23           “(1) the days on which either House is not in  
24      session because of an adjournment of more than 3

1 days to a day certain or an adjournment of the Con-  
2 gress sine die; and

3 “(2) any Saturday and Sunday, not excluded  
4 under paragraph (1), when either House is not in  
5 session.

6 **“§ 155. Definitions**

7 “For the purposes of this chapter:

8 “(1) BIT TAX.—The term ‘bit tax’ means any  
9 tax on electronic commerce expressly imposed on or  
10 measured by the volume of digital information trans-  
11 mitted electronically, or the volume of digital infor-  
12 mation per unit of time transmitted electronically,  
13 but does not include taxes imposed on the provision  
14 of telecommunications services.

15 “(2) COMPUTER SERVER.—The term ‘computer  
16 server’ means a computer that functions as a cen-  
17 tralized provider of information and services to mul-  
18 tiple recipients.

19 “(3) DISCRIMINATORY TAX.—The term ‘dis-  
20 criminatory tax’ means—

21 “(A) any tax imposed by a State or politi-  
22 cal subdivision thereof on electronic commerce  
23 that—

24 “(i) is not generally imposed and le-  
25 gally collectible by such State or such polit-



1            ical subdivision on transactions involving  
2            similar property, goods, services, or infor-  
3            mation accomplished through other means;

4            “(ii) is not generally imposed and le-  
5            gally collectible at the same rate by such  
6            State or such political subdivision on  
7            transactions involving similar property,  
8            goods, services, or information accom-  
9            plished through other means, unless the  
10          rate is lower as part of a phase-out of the  
11          tax over not more than a 5-year period;

12          “(iii) imposes an obligation to collect  
13          or pay the tax on a different person or en-  
14          tity than in the case of transactions involv-  
15          ing similar property, goods, services, or in-  
16          formation accomplished through other  
17          means; or

18          “(iv) establishes a classification of  
19          Internet access provider for purposes of es-  
20          tablishing a higher tax rate to be imposed  
21          on such providers than the tax rate gen-  
22          erally applied to providers of similar infor-  
23          mation services delivered through other  
24          means; or

1           “(B) any tax imposed by a State or politi-  
2 cal subdivision thereof, if—

3           “(i) the use of a computer server by  
4 a remote seller to create or maintain a site  
5 on the Internet is considered a factor in  
6 determining a remote seller’s tax collection  
7 obligation; or

8           “(ii) a provider of Internet access is  
9 deemed to be the agent of a remote seller  
10 for determining tax collection obligations  
11 as a result of—

12           “(I) the display of a remote sell-  
13 er’s information or content on the  
14 computer server of a provider of  
15 Internet access; or

16           “(II) the processing of orders  
17 through the computer server of a pro-  
18 vider of Internet access.

19           “(4) ELECTRONIC COMMERCE.—The term ‘elec-  
20 tronic commerce’ means any transaction conducted  
21 over the Internet or through Internet access, com-  
22 prising the sale, lease, license, offer, or delivery of  
23 property, goods, services, or information, whether or  
24 not for consideration, and includes the provision of  
25 Internet access.

1           “(5) INFORMATION SERVICES.—The term ‘in-  
2           formation services’ has the meaning given such term  
3           in section 3(20) of the Communications Act of 1934  
4           as amended from time to time.

5           “(6) INTERNET.—The term ‘Internet’ means  
6           the combination of computer facilities and electro-  
7           magnetic transmission media, and related equipment  
8           and software, comprising the interconnected world-  
9           wide network of computer networks that employ the  
10          Transmission Control Protocol/Internet Protocol, or  
11          any predecessor or successor protocol, to transmit  
12          information.

13          “(7) INTERNET ACCESS.—The term ‘Internet  
14          access’ means a service that enables users to access  
15          content, information, electronic mail, or other serv-  
16          ices offered over the Internet, and may also include  
17          access to proprietary content, information, and other  
18          services as part of a package of services offered to  
19          consumers. Such term does not include telecommuni-  
20          cations services.

21          “(8) MULTIPLE TAX.—The term ‘multiple tax’  
22          means:

23                 “(A) Any tax that is imposed by one State  
24                 or political subdivision thereof on the same or  
25                 essentially the same electronic commerce that is

1       also subject to another tax imposed by another  
2       State or political subdivision thereof (whether  
3       or not at the same rate or on the same basis),  
4       without a credit (for example, a resale exemp-  
5       tion certificate) for taxes paid in other jurisdic-  
6       tions. The term ‘multiple tax’ shall not include  
7       a sales or use tax imposed by a State and 1 or  
8       more political subdivisions thereof pursuant to  
9       a law referred to in section 151(b)(1) on the  
10      same electronic commerce or a tax on persons  
11      engaged in electronic commerce which also may  
12      have been subject to a sales or use tax thereon.  
13      For purposes of this subparagraph, the term  
14      ‘sales or use tax’ means a tax that is imposed  
15      on or incident to the sale, purchase, storage,  
16      consumption, distribution, or other use of tan-  
17      gible personal property or services as may be  
18      defined by laws imposing such tax and which is  
19      measured by the amount of the sales price or  
20      other charge for such property or service); or

21           “(B) Any tax on Internet access if the  
22      State or political subdivision thereof classifies  
23      such Internet access as telecommunications or  
24      communications services under State law and  
25      such State or political subdivision thereof has

1           also imposed a tax on the purchase or use of  
2           the underlying telecommunications services that  
3           are used to provide such Internet access with-  
4           out allowing a credit for other taxes paid, a sale  
5           for resale exemption, or other mechanism for  
6           eliminating duplicate taxation.

7           “(9) REMOTE COMMERCE.—The term ‘remote  
8           commerce’ means the sale, lease, license, offer, or  
9           delivery of property, goods, services, or information  
10          by a seller in one State to a purchaser in another  
11          State.

12          “(10) REMOTE SELLER.—The term ‘remote  
13          seller’ means a person who sells, leases, licenses, of-  
14          fers, or delivers property, goods, services, or infor-  
15          mation from one State to a purchaser in another  
16          State.

17          “(11) STATE.—The term ‘State’ means any of  
18          the several States, the District of Columbia, or any  
19          territory or possession of the United States.

20          “(12) TAX.—The term ‘tax’ means—

21                 “(A) any levy, fee, or charge imposed  
22                 under governmental authority by any govern-  
23                 mental entity; or

24                 “(B) the imposition of or obligation to col-  
25                 lect and to remit to a governmental entity any

1           such levy, fee, or charge imposed by a govern-  
2           mental entity.

3       Such term does not include any franchise fees or  
4       similar fees imposed by a State or local franchising  
5       authority, pursuant to section 622 or 653 of the  
6       Communications Act of 1934.

7           “(13) TELECOMMUNICATIONS SERVICES.—The  
8       term ‘telecommunications services’ has the meaning  
9       given such term in section 3(46) of the Communica-  
10      tions Act of 1934, as amended from time to time.”.

11      (b) CONFORMING AMENDMENT.—Title 4 of the  
12   United States Code is amended in the table of chapters  
13   by adding at the end the following:

**“6. Moratorium on Certain Taxes ..... 151”.**

14   **SEC. 3. PROVISION OF INTERNET ACCESS AND ONLINE**  
15                           **SERVICES.**

16      Title II of the Communications Act of 1934 is  
17   amended by inserting after section 230 (47 U.S.C. 230)  
18   the following new section:

19   **“SEC. 231. PROHIBITION ON REGULATION OF INTERNET AC-**  
20                           **CESS AND ONLINE SERVICES.**

21      “(a) PROHIBITION.—The Commission shall have no  
22   authority or jurisdiction under this title or section 4(i),  
23   nor shall any State commission have any authority or ju-  
24   risdiction, to regulate the prices or charges paid by sub-  
25   scribers for Internet access or online services.

1       “(b) PRESERVATION OF AUTHORITY.—Nothing in  
2 this subsection shall limit or otherwise affect—

3           “(1) the Commission’s or State commissions’  
4 implementation of the Telecommunications Act of  
5 1996 (Public Law 104–104) or the amendments  
6 made by such Act; and

7           “(2) the Commission’s or State commissions’  
8 authority to regulate telecommunications carriers  
9 that offer Internet access or online services in con-  
10 junction with the provision of any telephone toll,  
11 telephone exchange, or exchange access services as  
12 such terms are defined in title I.

13       “(c) DEFINITIONS.—As used in this section:

14           “(1) INTERNET.—The term ‘Internet’ means  
15 the combination of computer facilities and electro-  
16 magnetic transmission media, and related equipment  
17 and software, comprising the interconnected world-  
18 wide network of computer networks that employ the  
19 Transmission Control Protocol/Internet Protocol, or  
20 any predecessor or successor protocol, to transmit  
21 information.

22           “(2) INTERNET ACCESS.—The term ‘Internet  
23 access’ means a service that enables users to access  
24 content, information, and other services offered over

1 the Internet, but does not mean a telecommuni-  
2 cations service.

3 “(3) ONLINE SERVICE.—The term ‘online serv-  
4 ice’ means the offering or provision of Internet ac-  
5 cess with the provision of other information serv-  
6 ices.”.

7 **SEC. 4. FEDERAL REGULATORY FEES.**

8 (a) NO REGULATORY FEES.—Section 9(h) of the  
9 Communications Act of 1934 (47 U.S.C. 159(h)) is  
10 amended by inserting “; or (3) providers of Internet access  
11 or online service” after “(47 CFR Part 97)”.

12 (b) CONFORMING AMENDMENT.—Section 9(h) of the  
13 Communications Act of 1934 (47 U.S.C. 159(h)) is  
14 amended by striking “or” that appears before “(2)”.

15 (c) DETERMINATION.—Not later than 1 year after  
16 the date of the enactment of this Act, the National Tele-  
17 communications and Information Administration shall de-  
18 termine whether any direct or indirect Federal regulatory  
19 fees, other than the fees identified in subsection (a), are  
20 imposed on providers of Internet access or online services,  
21 and if so, make recommendations to the Congress regard-  
22 ing whether such fees should be modified or eliminated.

23 **SEC. 5. REPORT ON FOREIGN COMMERCE.**

24 (a) CONTENTS OF REPORT.—In order to promote  
25 electronic commerce, the Secretary of Commerce, in con-



1 sultation with appropriate committees of the Congress,  
2 shall undertake an examination of—

3           (1) barriers imposed in foreign markets on  
4       United States providers of property, goods, services,  
5       or information engaged in electronic commerce and  
6       on United States providers of telecommunications  
7       services;

8           (2) how the imposition of such barriers will af-  
9       fect United States consumers, the competitiveness of  
10      United States citizens providing property, goods,  
11      service, or information in foreign markets, and the  
12      growth and maturing of the Internet; and

13          (3) what measures the Government should pur-  
14      sue to foster, promote, and develop electronic com-  
15      merce in the United States and in foreign markets.

16      (b) PUBLIC COMMENT.—For purposes of this section,  
17      the Secretary of Commerce shall give all interested per-  
18      sons an opportunity to comment on the matters identified  
19      in subsection (a) through written or oral presentations of  
20      data, views, or arguments.

21      (c) TRANSMITTAL TO THE PRESIDENT.—Not later  
22      than 18 months after the date of the enactment of this  
23      Act, the Secretary of Commerce shall transmit to the  
24      President a report containing the results of the examina-  
25      tion undertaken in accordance with subsection (a).

1 (d) RECOMMENDATIONS OF THE PRESIDENT.—Not  
2 later than 2 years and 45 days after the date of the enact-  
3 ment of this Act, the President shall review the report de-  
4 scribed in subsection (c) and submit to the appropriate  
5 committees of Congress such policy recommendations as  
6 the President deems necessary or expedient.

7 **SEC. 6. DECLARATION THAT THE INTERNET SHOULD BE**  
8 **FREE OF FOREIGN TARIFFS, TRADE BAR-**  
9 **RIERS, AND OTHER RESTRICTIONS.**

10 It is the sense of the Congress that the President  
11 should seek bilateral and multilateral agreements to re-  
12 move barriers to global electronic commerce, through the  
13 World Trade Organization, the Organization for Economic  
14 Cooperation and Development, the International Tele-  
15 communications Union, the Asia Pacific Economic Co-  
16 operation Council, the Free Trade Area of the Americas,  
17 and other appropriate international fora. Such agreements  
18 should require, inter alia, that the provision of Internet  
19 access or online services be free from undue and discrimi-  
20 natory regulation by foreign governments and that elec-  
21 tronic commercial transactions between United States and  
22 foreign providers of property, goods, services, and infor-  
23 mation be free from undue and discriminatory regulation,  
24 international tariffs, and discriminatory taxation.

1 **SEC. 7. NO EXPANSION OF TAX AUTHORITY.**

2       Nothing in this Act shall be construed to expand the  
3 duty of any person to collect or pay taxes beyond that  
4 which existed immediately before the date of the enact-  
5 ment of this Act.

6 **SEC. 8. PRESERVATION OF AUTHORITY.**

7       Nothing in this Act shall limit or otherwise affect the  
8 implementation of the Telecommunications Act of 1996  
9 (Public Law 104–104) or the amendments made by such  
10 Act.

Passed the House of Representatives June 23, 1998.

Attest:

ROBIN H. CARLE,

*Clerk.*